

**SPECIAL PURPOSE EXAMINATION OF SELECTED RECORDS OF
LEXINGTON HIGH SCHOOL AND SCOTTS HILL SCHOOL
HENDERSON COUNTY SCHOOL SYSTEM
FOR THE PERIOD JULY 1, 2000, THROUGH JUNE 30, 2001**

Lexington High School Senior Class of 2001

The sponsor of the Lexington High School Senior Class of 2001 (Senior Class) directed at least two fundraising events (car washes) as well as the sale of Senior Prom tickets. However, she did not properly remit these collections to the school bookkeeper. She told auditors that she kept some of the collections in her office, while other collections she deposited into her personal bank account. Although auditors were able to confirm that the sponsor spent a portion of the collections on Senior Class expenses, she acknowledged that \$489 of the collections were unaccounted for. This matter has been referred to the local district attorney.

In addition, the Senior Class sponsor failed to comply with the fundraising, collection, and disbursement requirements of the *Internal School Uniform Accounting Policy Manual* (manual), as follows:

- ? **Failure to obtain written approval for fundraising activities** - The Senior Class sponsor directed at least two fundraising events. However, she failed to obtain prior written approval from the principal. Section 4-26 of the manual states, “[F]undraising activities must have written approval from the principal.”
- ? **Adequate records of collections not maintained** - The Senior Class sponsor directed fundraising efforts for the Senior Prom. However, she failed to maintain adequate records of collections. Section 5-3 of the manual states, “Teachers/others who collect money should prepare a collection record (prenumbered receipt, collection log, ticket reconciliation, signed recorded count, etc.) for each separate activity.”
- ? **Collections not remitted to cashier** - The Senior Class sponsor failed to remit collections to the school bookkeeper/cashier. Section 5-3 of the manual states, “The school becomes accountable when money is initially received by employees, officials, or volunteers acting in their official capacity. . . . All collections by teachers/others should be remitted to the cashier daily or more frequently, if necessary.”
- ? **Adequate supporting documentation not maintained** – The Senior Class sponsor did not maintain adequate documentation of many of the disbursements she apparently made. Section 5-12 of the manual states, “Each purchase of goods and services should be supported by adequate documentation.”
- ? **Purchases made using collections** – The sponsor stated that she used a portion of the cash collections to pay prom-related expenses in cash. Section 5-8 of the manual states, “Using daily collections for cashing checks or making purchases is prohibited.”

Scotts Hill School Dance Team

The sponsor of the Scotts Hill School Dance Team (dance team) ordered uniforms in December 2000. She collected money from team members to pay for the uniforms. However, none of the collections were properly turned over to the school bookkeeper for receipt and deposit into the school bank account. In May 2001, the vendor informed the school bookkeeper that the dance team bill of \$951.20 had not been paid. At that time, the sponsor informed both school personnel and the dance uniform vendor that she had sent a money order in payment of the debt. According to the sponsor, she was attempting to find out what had happened to the money order. However, in an interview with auditors on August 17, 2001, the sponsor stated that she had actually made no attempt to pay the vendor over the last eight months. She informed auditors that she had placed the charge on her personal credit card earlier that same day. This matter has been referred to the local district attorney.

In addition, the sponsor of the dance team failed to comply with the fundraising, collection, and disbursement requirements of the *Internal School Uniform Accounting Policy Manual* (manual), as follows:

- ? **Adequate records of collections not maintained** - The dance team sponsor collected money from students to pay the cost of uniforms. However, she failed to maintain adequate records of collections. Section 5-3 of the manual states, "Teachers/others who collect money should prepare a collection record (prenumbered receipt, collection log, ticket reconciliation, signed recorded count, etc.) for each separate activity."
- ? **Collections not remitted to cashier** - The dance team sponsor failed to remit collections to the school bookkeeper/cashier. Section 5-3 of the manual states, "The school becomes accountable when money is initially received by employees, officials, or volunteers acting in their official capacity. . . . All collections by teachers/others should be remitted to the cashier daily or more frequently, if necessary."
- ? **Loan to sponsor** - The dance team sponsor in effect borrowed school activity funds for 8 months. Section 4-33 of the manual states, "Student activity and other internal school funds must not be used for any purpose which represents an accommodation, loan, or credit to anyone."

Members of the school board, the superintendent, and both principals should ensure that personnel at each school adhere to the requirements of the *Internal School Uniform Accounting Policy Manual*.